

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 90-373-C ORDER NO. 90-1057

OCTOBER 29, 1990

IN RE: Application of Coast International,)	ORDER GRANTING
Inc. for a Certificate of Public)	CERTIFICATE OF
Convenience and Necessity)	PUBLIC CONVENIENCE
)	AND NECESSITY

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed on May 8, 1990, by Coast International, Inc. (the Company or Coast) seeking a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the State of South Carolina. The Company is a non-facilities based telecommunications reseller incorporated in the State of Nevada whose principal place of business is 8500 College Blvd., Suite 155, Overland Park, Kansas. It has qualified to do business as a foreign corporation in the State of South Carolina.

The Application was filed under the provisions of S.C. Code Ann., Sections 58-9-10(6) and 58-9-280 (1976), as amended. The Application was duly noticed to the public and a Petition to Intervene was filed on behalf of Southern Bell Telephone and Telegraph Company (Bell). Before a hearing was held on this matter, by Order No. 90-977, the Commission granted Bell's request to withdraw its intervention. A public hearing as to the matters

asserted in the Application was held in the Hearing Room of the Commission at 111 Doctors Circle at 10:30 a.m., on Thursday, October 18, 1990, before the Commissioners, with Chairman Marjorie Amos-Frazier presiding. James R. Tompkins appeared on behalf of the Company and Marsha A. Ward, General Counsel, appeared on behalf of the Commission Staff.

The Company presented the testimony of James R. Tompkins, Vice President of Marketing and Sales for the Company. Mr. Tompkins outlined the Company's legal, financial and managerial qualifications, and technical capabilities and addressed the issue of whether the public convenience and necessity requires the issuance of the requested certificate. No other witnesses were called.

After consideration of the record in this matter, and in accordance with applicable law, the Commission makes the following findings and conclusions:

1. Coast International, Inc. is a non-facilities based reseller of interexchange telecommunications services which seeks to provide resale interexchange telephone service in the State of South Carolina.

2. Coast was incorporated in 1987 and now serves over 1500 customers. It provides switched long distance services such as 1+ DDD, Wide Area Telecommunications (WATS) and Inward 800 Services.

3. Coast is totally debt free and has a line of credit equal to 75% of its receivables should it require funds. It has sufficient resources to fund the non-capital intensive nature of its business.

4. The key management personnel have extensive experience in the telecommunications business. The combined telecommunications experience of the group exceeds forty years, and covers a diverse range of responsibilities in that field. The Company has the managerial ability to offer reliable services to the public in the State of South Carolina.

5. The Company now utilizes the network of US Sprint to provide service to its customers. US Sprint provides a P01 grade of service over its digital fiber optic network. The Company is technically qualified to provide service in the State of South Carolina.

6. The Company provides long distance service at a rate which is generally lower than that of the facilities based carrier and in addition provides its own simplified enhanced billing and customer satisfaction services.

7. The Company herein has shown itself to be fit, willing, and able to provide resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service (FX) and Private Line Services, or any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

8. Consistent with our intent to encourage greater competition in the interexchange marketplace (See, Order No. 89-1015, issued

October 23, 1989, in Docket No. 88-693-C), the approval of this Application will serve the public interest in that the Company will offer alternatives to the consumer and thereby increase competition. Competition, along with a modern cost efficient telecommunications infrastructure, promotes improved long distance telecommunications service and adds to the economic development within the State.

9. The Company shall block or switch to the Local Exchange Carrier (LEC) all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket 86-187-C.

10. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket 84-10-C, on August 2, 1984. The Commission herein adopts a rate design for the Company which includes only a maximum rate level for each tariff charge.

11. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of

such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of S. C. Code Ann., Section 58-9-540 (Cum. Supp. 1989).

12. The Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service, and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

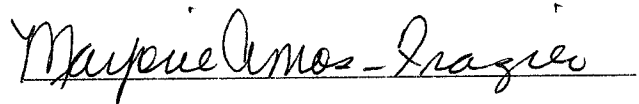
13. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

14. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports is as set out in Attachment A, hereto.

15. The Company should file tariffs consistent with the Commission's Rules and Regulations pertaining to telecommunications utilities and to reflect the findings herein within thirty (30) days of the date of this Order.

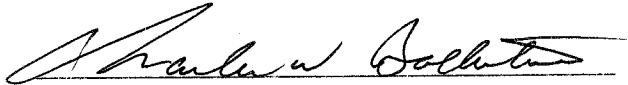
IT IS THEREFORE ORDERED that the foregoing findings and conclusions of the Commission are hereby ordered to be accomplished as set forth herein.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT
AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE
INVESTMENT (SEE #3 ABOVE).